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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/062,164

02/01/2002

James Takeshi Sugahara

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EXAMINER

CHARLES, DEBRA F

ART UNIT

PAPER NUMBER

3691

SHORTENED STATUTORY PERIOD OF RESPONSE	MAIL DATE	DELIVERY MODE
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3 MONTHS

01/08/2007

PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

If NO period for reply is specified above, the maximum statutory period will apply and will expire 6 MONTHS from the mailing date of this communication.

Office Action Summary

Application No.

10/062,164

Applicant(s)

SUGAHARA, JAMES TAKESHI

Examiner

Debra F. Charles

Art Unit

3691

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 01 February 2002.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-42 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-42 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date 5/24/2004.
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____.
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: _____.

Claim Rejections - 35 USC § 112

1. The following is a quotation of the second paragraph of 35 U.S.C.

112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

2. Claims 1-42 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Claims 1-42 are rejected under 35 U.S.C. 112, second paragraph, as being incomplete for omitting essential elements, such omission amounting to a gap between the elements. See MPEP § 2172.01. The omitted elements are: the output. The invention must have a defined output rather than just reflect legal obligations of one party to perform an action for another party. Further legally defined actions that reflect SEC laws and regulations are not patentable because the invention is already defined under U.S. laws or regulations.

Claim Rejections - 35 USC § 103

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and

the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

4. Claims 1,2,3,4,5,6,7,11,12,13,14,15, 16, 17, 18, 19, 20, 21, 22, are rejected under 35 U.S.C. 103(a) as being unpatentable over Mosler et al.(US 6304858 B1); Peter Connors and David Kroop, "US Tax Treatment", International Securities Lending, London, Sep-Nov 1993, Iss. 7; pg. 52(AKA Connors et al.); and Nishimaki (US 2004/0143525 A1).

Re claims 1,11, 22, 34,40, 42: Mosler et al. discloses a method for structuring a transaction(Abstract), comprising:

obligating an agent to act between a first party and a second party(Abstract, col. 3, line 60- col. 5, line 65, Fig. 2);

obligating the first party to sell a security to the second party(Abstract, col. 3, line 60- col. 5, line 65, Fig. 2);

periodically marking the security sold by the first party to market(col. 6,line 25-45, col. 12,lines 1-15, and lines 60-67).

Both Mosler et al. fail to teach obligating the second party to pay an in-lieu-of dividend to the first party. However, Connors et al. does teach money paid by the borrower of a security to the brokerage firm arranging the

security lending deal – funds then go to the rightful owner of the security – the person who loaned the security; that is in-lieu-of dividends(entire document). Therefore, it would have been obvious to one of ordinary skill in the art the time the Applicant's invention was made to modify the teachings of Mosler et al. to include the step of Connors et al. The motivation to combine these references is to ensure the dividend payments sent to the security borrower do revert to the rightful owner of the security.

Both Mosler et al. and Connors et al. fail to teach obligating the first party and the second party to unwind the sale of the security. However, Nishimaki does teach through a similar exchange transaction, it is also possible to unwind their cross-equity holding(para 0173, 0412). Therefore, it would have been obvious to one of ordinary skill in the art the time the Applicant's invention was made to modify the teachings of Mosler et al. and Connors et al. to include the step of Nishimaki. The motivation to combine these references is to enable both parties to unwind a transaction.

Claims 2, 23: Mosler et al. discloses periodically making payments based on marked to market value(Abstract, col. 6,line 25-45, col. 12,lines 1-15, and lines 60-67, col. 17, lines 1-30, col. 18, lines 1-55).

As per claims 3 and 4, 24, 25: Both Mosler et al. and Connors et al. fail to teach sales directly with each party and sales through the agent. However, Nishimaki does teach through a similar exchange transaction where users can complete transactions between and/or among themselves(Fig. 1-46, para 0011). Therefore, it would have been obvious to one of ordinary skill in the art the time the Applicant's invention was made to modify the teachings of Mosler et al. and Connors et al. to include the step of Nishimaki. The motivation to combine these references is to enable both parties to conduct the transaction with or without a third party.

Re claims 5,13,14, 31, 32: Mosler et al. fail to teach the in-lieu-of dividend and the marking payment is paid through the agent. However, Connors et al. does teach money paid by the borrower of a security to the brokerage firm arranging the security lending deal – funds then go to the rightful owner of the security – the person who loaned the security, that is in-lieu-of dividends(entire document). Therefore, it would have been obvious to one of ordinary skill in the art the time the Applicant's invention was made to modify the teachings of Mosler et al. to include the step of Connors et al. The motivation to combine these references is to ensure the dividend payments sent to the security borrower do revert to the rightful owner of the security.

Re claims 6 and 26: Mosler et al. disclose wherein at least one of: (a) the identity of the first party is not known to the second party; and (b) the identity of the second party is not known to the first party(col. 4,lines 25-40, i.e. the contract is traded via an exchange and clearing agent, therefore the various parties do NOT have to know each other to trade a standardized contract, and col. 6, lines 15-19).

Re claims 7 and 27: The method of claim 1, wherein the step of obligating the first party and the second party to unwind the sale of the security includes obligating the first party to repurchase the security from the second party(col. 2, lines 55-65, col. 4, lines 25-36).

Re claims 12, 16, 29, 30, 41: Mosler et al. discloses wherein the payment is paid periodically using a period selected from the group including: a) daily; b) weekly; c) monthly; d) quarterly; e) semi-annually; f)annually; and g) at the completion of the transaction(col. 18, lines 1-55); marking is carried out periodically using a period selected from the group including: a) daily; b) weekly; c) monthly; d) quarterly; e) semi-annually; and f) annually(Abstract, col. 1, lines 40-50, col. 6,line 25-45, col. 12,lines 1-15, and lines 60-67, col. 17, lines 1-30, col. 18, lines 1-55).

Re claims 15 and 33: Mosler et al. discloses the marking is carried out in U.S. dollars(col.9, lines 39-40, col. 32, lines 25-35, i.e. U.S. Treasury securities are always denominated in dollars).

Re claims 17 and 35: Mosler et al. discloses the security is selected from the group including: a) at least one fixed income security; b) at least one warrant; c) at least one stock; d) at least one option; e) at least one convertible bond; f) at least one non-convertible bond; and g) at least one future(col. 6, lines 5-45).

Re claims 18 and 36: Mosler et al. discloses the security is selected from the group including: a) at least one security associated with a single stock issue; b) at least one security associated with a basket of stocks formed of a plurality of stock issues; and c) at least one security associated with a stock index(col. 7, lines 9-25, i.e. a benchmark rate is an index).

Re claims 19 and 37: Mosler et al. discloses the first party has a long position in the security(Fig. 1,col. 30, lines 35-40).

Re claims 20 and 21, 38 and 39. Mosler et al. discloses the first party is an institutional investor, and wherein the second party is a hedge fund(col.1, lines 65-col. 2, lines 25,col. 3, lines 30-35, i.e. hedge fund is an institutional investor).

5. Claims 8,9 and 10 are rejected under 35 U.S.C. 103(a) as being unpatentable over Mosler et al., Connors et al. and Nishimaki as applied to claim 1 above, and further in view of Stone(US 2002/0128958 A1).

Re claims 8,9,10: Mosler et al., Connors et al. and Nishimaki fail to teach obligating the agent to at least partially indemnify the first party against a loss, the loss is caused by the second party failing to carry out an obligation under the transaction, and first party retains the proceeds of the sale of the security. However, Stone does teach indemnifying parties for losses on trades or sales(0037,0064,0068,0081,0111, claims 2,5,13,16, 32). Therefore, it would have been obvious to one of ordinary skill in the art the time the Applicant's invention was made to modify the teachings of Mosler et al., Connors et al. and Nishimaki to include the step of Stone. The


motivation to combine these references is to effectively and efficiently account for trades and losses on trades.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Debra F. Charles whose telephone number is (571) 272 6791. The examiner can normally be reached on 9-5 Monday thru Friday.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Alexander G. Kalinowski can be reached on (571) 272 6771. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

Debra F. Charles
Examiner
Art Unit 3691

A handwritten signature in black ink, appearing to read "Alexander Kalinowski", written in a cursive style.

ALEXANDER KALINOWSKI
SUPERVISORY PATENT EXAMINER